

Hawaii Employer-Union Health Benefits Trust Fund

**Retirement Benefit  
Information Booklet  
For  
State and County  
Employees**

May 2004

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## **Introduction**

This summary booklet is prepared by the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) to help employees contemplating retirement understand the benefit options available and assist them in making their decisions regarding health benefits upon retirement. It contains information on retiree benefits provided by Chapter 87A, Hawaii Revised Statutes, and describes the EUTF's enrollment requirements. This booklet will be updated and available on the EUTF's website, [www.eutf.hawaii.gov](http://www.eutf.hawaii.gov), where you can easily access it for reference.

## **Background**

Act 88 established the EUTF during the 2001 legislative session and codified in Chapter 87A, Hawaii Revised Statutes. Chapter 87A established the EUTF board of trustees as its governing body and is comprised of ten trustees. The Act also established a cap on the amount of employer contributions for retirees and provided an annual adjustment based on the annual Medicare Part B premium rate. The EUTF is administrative attached to the Department of Budget and Finance and is responsible for the daily administrative activities related to the health and life insurance benefits for retirees.

## **ELIGIBILITY**

### **Who is eligible for retirement benefits?**

As a state or county retiree, you are eligible to enroll:

Yourself

Your spouse or domestic partner

Your children under age 19 (including your domestic partner's children)

Your student (ages 19 through 23 years of age) if a full time student at an accredited college, university or technical school

Based on your eligibility, your employer will make a monthly contribution toward your health and group life insurance premiums.

You will be eligible to enroll in a medical and prescription drugs, dental and vision plan upon your retirement.

## What are the requirements for domestic partnerships?

Domestic partners (d/p) are eligible for health benefits. To qualify for d/p, you must meet the following requirements:

1. Intend to remain in a domestic partnership indefinitely
2. Have common residence
3. Jointly responsible for each other's basic living expenses
4. Neither married nor a member of another domestic partnership
5. Not related by blood that would prevent marriage in Hawaii
6. Both at least 18 years of age and mentally competent to contract
7. Consent not obtained by fraud, force or duress
8. Both sign and date the declaration of domestic partnership

**Please note that premiums paid by the employer for a domestic partner has tax implications. Contact your tax consultant for specific questions.**

## PAYMENT

### Will I have to pay for my health benefits?

Chapter 87A changed the way premiums are covered effective July 1, 2003. In this law, the State legislature established maximum amounts that the employer would contribute to the cost of premiums. In addition, the law allowed for changes to the maximum amounts each year based on the change in the Medicare Part B premiums established by the federal government.

The 2003 legislature amended Chapter 87A and established new maximum levels for the period July 1, 2004 to June 30, 2005:

	<u>Self-only</u>	<u>Family</u>
Retirees on Medicare	\$254.00	\$ 787.00
Retirees not on Medicare	\$412.00	\$1089.00

The maximum employer contributions reflected above are the amounts that the employer will contribute toward the cost of the premiums for your health benefits. If the premium cost exceeds the maximum contributions, you will be responsible for the difference in premiums. For example, if the premiums totaled \$1,200 for a non-Medicare family plan, the retiree would have to pay \$111, the difference between the \$1,200 and the \$1,089 maximum.

The new law also made amended the eligibility requirements that were previously changed in 1996. Prior to July 1, 2001, the employer contributions were for both the retiree and family. The new law changed the employer contributions for employees who were hired on or after July 1, 2001. The change meant that when these employees retired in future years, only the retiree would receive contributions from the employer. All current and future retirees that were hired prior to July 1, 2001 would continue to have coverage for their spouses and family.

### **When I retire, how much will I pay for my health benefits?**

Your premium share will depend on your retirement status as determined by the ERS. In 1996, the state legislature modified the statute that governs retirees' health benefits eligibility. If you qualified for "free" health benefits prior to July 1, 1996, you are eligible to receive 100% contribution toward your health benefit premium. The 1996 law established different levels of contribution based on specific rules.

Those hired prior to July 1, 1996 and retired after June 30, 1984 with less than ten years of accredited service will receive 50% of the contribution toward the retiree health benefit premiums.

Those hired prior to July 1, 1996 and retired after June 30, 1984 with ten or more years of accredited service will receive 100% of the contribution toward the retiree health benefit premiums.

Those hired on or after July 1, 1996 with at least ten years but less than fifteen years of accredited service will receive 50% of the contribution toward the retiree health benefit premiums.

Those hired on or after July 1, 1996 with at least fifteen years but less than twenty-five years of accredited service will receive 75% of the contribution toward the retiree health benefit premiums.

Those hired on or after July 1, 1996 with at least twenty-five years of accredited service will receive 100% of the contribution toward the retiree health benefit premiums.

Effective July 1, 2001, the legislature changed the law by establishing caps on the employer contribution for premiums and limited the contribution only to the retiree. Therefore, for retirees hired on or after July 1, 2001, employer contributions will be only for the retiree.

## **BEFORE RETIRING**

### **What should I do before I make my decision to retire?**

Read the reference guide for retirees to understand the EUTF's benefit program and your insurance coverage. The reference guide will be provided to you at or prior to the retirement session. If you have access to the Internet, you may also download a copy of the reference guide from our website.

Attend a retirement session to learn about your retirement benefits and your EUTF benefits.

Contact your personnel office or the EUTF customer service if you have any questions about your current employee EUTF enrollment status.

Call your EUTF insurance carriers if you have any questions about your retiree health or group life insurance coverage in Hawaii, on the mainland or in a foreign country.

When you attend your retirement counseling session with the Employees' Retirement system (ERS), you will have the opportunity to enroll in the EUTF retiree health benefits program. In most cases, a EUTF representative will be there to assist you and answer your questions.

**YOU DO NOT HAVE TO BE ENROLLED IN AN ACTIVE EMPLOYEE PLAN PRIOR TO YOUR RETIREMENT TO QUALIFY FOR THE RETIREE PLAN.** You will be eligible to enroll in any retiree plan offered by EUTF at the time of your retirement.

### **When do my retirement health benefits begin?**

When your retirement application is finalized, ERS will inform you of your effective date of retirement. You can only retire on the first day of the month or the last day of the calendar year. In all cases, the effective date of coverage will be the first day of the month. For example, if you retire on December 1, your retirement health benefits will begin on December 1. If you retire on December 31 or January 1, your retirement health benefits will begin on January 1.

If you have any amounts owed to the EUTF, you must clear your account before you can enroll. Any money owed for past due payments must be reconciled before any contributions are made by the employer. The EUTF has the right to recover amounts from and out of any and all future benefits payable to the person who has ceased to be eligible for continued enrollment or coverage (admin rules 4.13(c)).

## What are the differences between active employee and retiree benefits?

Upon retirement, your health insurance benefit coverage will change to the retiree plans. The retiree plans differ from the plans offered to active employees. The following summarizes the major differences between the active employee and retiree plans:

	<u>Major differences</u>	<u>Active</u>	<u>Retiree</u>
<b>Medical</b>			
Kaiser		No Difference	
HMSA	max annual co-payment (family)	\$4,500	\$7,500
HMSA	max annual co-payment (person)	\$1,500	\$2,500
HMSA	deductible for participating provider	none	\$100/person \$300/family
HMSA	physical examination	yes	no
<b>Dental (HDS)</b>	orthodontics	yes	no
	basic services	80%	60%
	calendar year max per person	\$2,000	\$1,000
<b>Chiropractic</b>	availability	yes	no
<b>Vision</b>			
		No Difference	
<b>Life insurance</b>	coverage differs	up to \$26,000	\$1,900

## What should I know about my life insurance when I retire?

You are automatically enrolled in the life insurance plan offered by EUTF at no premium cost to you. The carrier is Aetna Life Insurance Company and your coverage, regardless of age is \$1,900. You may change your life insurance beneficiary at any time. Please call EUTF customer service at 586-7390 or toll free at 1-800-295-0089 to obtain a beneficiary form. You may also download a copy of the form from our website, [www.eutf.hawaii.gov](http://www.eutf.hawaii.gov).

## **DURING RETIREMENT**

### **When is the open enrollment process for retirees?**

The EUTF's board of trustees establishes an open enrollment period to inform retirees about new benefit plan insurance coverage and allowable enrollment changes. The open enrollment period for retirees is generally conducted at the same time as active employees.

The EUTF will mail you an open enrollment package to include a reference guide for retirees, an open enrollment application form and other materials that may assist you during the open enrollment period. Please read these materials.

During the open enrollment period, you will be able to make changes, adjustments, and other enrollment transactions that you currently can do as an active employee.

### **Since I have no personnel office to assist me, who do I contact for help?**

The retiree will be dealing directly with the EUTF for any enrollment or health benefit issues. You may call our customer service department at 586-7390 or 1-800-295-0089 to assist you. If you have access to email, you can send your questions to our email address at [eutf@hawaii.gov](mailto:eutf@hawaii.gov).

If you have specific questions regarding the plans that you have, you will need to contact the applicable carrier.

### **When I have changes to be made, what must I do?**

It is very important that you keep the EUTF abreast of any changes in your address, name or eligibility. Since the EUTF corresponds with you directly, your address must be kept updated. In addition, any changes in family status and eligibility should be reported immediately.

You are required to notify the EUTF within 30 days of the following events if you want your change to be effective on the date of the event. Otherwise, the effective date of enrollment changes will be the first day of the month following the date that you properly file a completed enrollment application.

Child who reaches 19 years of age and does not become a full-time student.



Marriage, newborn child, adoption of a child, annulment of marriage, divorce, dissolution of domestic partnership, or death.

Death of your spouse or child under age 19 (or 24 if a full-time student)

### **What health benefit changes am I allowed to make after I am retired?**

When you retire, you can enroll in any of the plans that the EUTF offers to retirees. Your retirement allows changes and choices that you normally would have during an open enrollment period. It does not matter what plans you were enrolled in just prior to retirement.

You may change your coverage from self only to family or vice versa.

If your spouse or domestic partner is still working but not with the state or counties and covering you as a dependent, you can elect the family plan and cover your spouse as a dependent.

If both you and your spouse or domestic partner are state or county retirees without children, you may both enroll separately with self-only coverage.

You do not have to be enrolled in a EUTF prior to retirement to be eligible to enroll in the EUTF retiree plans. For example, if you were covered by your spouse's medical plan and did not enroll in the EUTF plans, you will still be entitled to enroll in the EUTF plans upon retirement.

If you or your spouse or domestic partner becomes eligible to enroll in the federal Medicare Part B medical insurance plan, you or your spouse or domestic partner is required to enroll in that federal plan.

If your spouse or domestic partner is still an active employee of the state or county, you may mix or match your health benefit selections. For example, you may choose to cover your spouse/family in your retiree medical plan, but may be a dependent of your working spouse in the dental and vision plans.

Student coverage is now available under the retiree plan. A student is your child 19 – 23 years of age, attending a college, university or technical school as a full-time student.

### **If I am a Kaiser Permanente member, how will I be affected if I move out of the local area?**

Kaiser plan members, who move outside of the Hawaii service area, may continue Kaiser coverage as long as they move to a Kaiser multisite service center area and enroll with the local Kaiser office. Currently, the EUTF has Kaiser multisite agreements with the local Kaiser office in parts of California, Washington, Colorado, Oregon, mid-Atlantic (District of Columbia, Maryland, Virginia) and Georgia. If you move to an area outside of a Kaiser multisite service area, Kaiser will terminate your enrollment with them and you will be required to change to the HMSA medical and drug plans.

If you move to a Kaiser multisite service area and choose to remain on the Kaiser plan, you not only must enroll with the EUTF, but you must also enroll with the Kaiser office in that area as well. Your enrollment with the EUTF and that Kaiser office will ensure that the employer contributions are directed to the correct Kaiser office. Please be aware that the premiums and coverage at the other multisite service areas may differ from the premiums and coverage negotiated with Kaiser Permanente Hawaii. If the premiums at your multisite Kaiser office are greater than the employer contribution, you will be required to pay the difference in cost.

If you spend part of your time living in Hawaii and part living elsewhere, your address that you report to Kaiser and EUTF will determine whether or not you are eligible to remain on a Kaiser plan. If you intend to continue your services in Hawaii, you should always maintain the Hawaii address with Kaiser and EUTF. If you change your address to a location outside of a Kaiser service area, you will be automatically cancelled by Kaiser and enrolled into HMSA. Upon return to Hawaii or your move to a Kaiser service area, retirees may re-enroll in the Kaiser plan.

### **What if I return to full-time work for state or county government?**

You will be required to enroll in the active employee benefit plans and make appropriate monthly contributions when you return to full-time work. "Full-time work" means an appointment for 3 months or more and at least 50% of a full-time equivalent position. When you retire again, you will be re-enrolling in the retirees' health benefit plans and be subject to the rules in place at that time.

## **DEPENDENTS/SURVIVORS**

### **What happens when the retiree passes away?**

Please ensure that you inform your spouse, family or trust administrator about the procedures to receive EUTF benefits after your death. The EUTF will notify the life insurance company, Aetna life. Aetna will then send the life insurance proceeds to your beneficiaries.

Report the retiree's death to the EUTF (and to ERS).

The EUTF will enroll the surviving spouse or if no surviving spouse, the surviving child(ren) in the retiree health benefits.

The EUTF will also report the death to the life insurance carrier.

If there is a surviving spouse, any children or students (ages 19 – 23) will continue to have health benefits.

If there is no surviving spouse, health benefit coverage for students will be terminated the first day after the death of the retiree and for children on the first day of the pay period after the child reaches 19 years of age.

When a surviving spouse reaches age 65 and is not covered by an employer group health insurance, that spouse is required to enroll in Medicare Part B to be eligible to continue health benefits coverage through the EUTF.

### **What if my surviving spouse passes away or gets married?**

Please ensure that you inform your family or trust administrator about the procedures to follow when a surviving spouse passes away. They will need to:

Notify the EUTF of your surviving spouse's death. The health benefits for the surviving spouse will be terminated.

Be aware that any remaining children or students will also lose eligibility for health benefit coverage

Please inform your spouse that upon remarriage, all health benefit coverage will end. If there are any children involved, their coverage will also end.

## **MEDICARE AND THE EUTF**

If you have specific questions or require more details regarding your Medicare rights, go to the site below for information regarding Medicare.

<http://www.medicare.gov/>

### **Why am I required to enroll in Medicare Part B when I am eligible?**

Act 136, SLH 1999, requires all eligible state and county retirees and their spouses to enroll in the federal Medicare Part B medical insurance plan if they are enrolled in **the retiree plan**. This statute is incorporated in Chapter 87A, HRS, paragraph 87-23(4). When you become eligible for medicare, you must enroll in Medicare Part B to continue your **retiree health benefits** through the EUTF. The EUTF will reimburse you quarterly for the cost of the Medicare Part B premium but does not include any penalty premium payments charged by Medicare.

### **Who is eligible for Medicare?**

Generally, Medicare is available for people age 65 or older, younger people with disabilities and people with end stage renal disease (permanent kidney failure requiring dialysis or transplant). You are eligible for premium-free Medicare Part A if you are age 65 or older and you or your spouse worked and paid Medicare taxes for at least 10 years. If you (or your spouse) did not pay Medicare taxes while you worked, and you are age 65 or older and a citizen or permanent resident of the United States, you may still be able to buy Medicare Part A.

While most people do not have to pay a premium for Medicare Part A, everyone must pay for Part B if they want it. The monthly Part B premium for 2004 is \$66.60. This monthly premium is deducted from your social security, railroad retirement, or civil service retirement check. If you do not get any of these payments, Medicare sends you a bill for your Part B premium every 3 months.

If you have questions about your eligibility for Medicare Part A or Part B, or if you want to apply for Medicare, call the Social Security Administration or visit their [web site](#). The toll-free telephone number is: 1-800-772-1213. The TTY-TDD number for the hearing impaired is 1-800-325-0778. You can also get information about buying Part A as well as Part B if you do not qualify for premium-free Part A.

## **Who is required to enroll in Medicare Part B?**

Any retiree, spouse or domestic partner, who reaches age 65 and qualifies for Medicare Part B, is required to enroll with Medicare Part B. There are situations when a spouse is still working and covered by an employer's group health insurance but is still required to enroll in Medicare Part B upon reaching age 65.

Examples:

1. Retiree is age 60 and spouse is 65 years old and not working and both are covered under the RETIREE plan.

Spouse is required to enroll in Part B. Reimbursement for spouse's Part B premium is sent to the retiree.

2. Retiree is 65 plus and spouse is 62 years old and receiving social security payments and both are covered under the RETIREE plan.

Retiree is required to enroll in Part B and spouse is not required to enroll even though spouse receives social security payment. Reimbursement sent for retiree.

3. Retiree is 65 plus and spouse is 67 and still actively working and both are covered by the retiree plan.

Both retiree and spouse are required to enroll in Part B. Even if spouse has medical coverage through the employer, the spouse is still required to enroll in Part B to be eligible for coverage through the retiree plan. Reimbursement for both the retiree and spouse sent to the retiree.

4. Retiree is 65 plus and spouse is still working. Both are covered under the spouse's non-EUTF employer group health plan and the retiree is not enrolled in the EUTF health benefits plan.

For EUTF purposes, the retiree is not required to be enrolled in Part B. If the retiree is enrolled, there is no reimbursement. Medicare also does not require the retiree to enroll in Medicare Part B when covered by an employer group health plan.

5. Retiree is 65 and spouse is working for the State or County and chooses to provide family health benefits through the active employee's plan.

Retiree cannot enroll in the same health plans for the family as the spouse. Retiree is not required to enroll in Part B as long as the retiree is covered by the spouse's employer health plan and also will not be eligible for Medicare reimbursement if enrolled in Part B.

**Should I sign up for Medicare Part B if I or my spouse are still working and are covered by employer health insurance?**

You may want to wait to sign up for Part B if you or your spouse has health coverage through an employer.

**What will happen if my spouse or I fail to enroll in Medicare Part B when eligible?**

The administrative rules, paragraph 5.04 states "when the retiree fails to enroll in Medicare Part B, the enrollment for the retiree and family will be cancelled from all benefit plans offered or sponsored by the EUTF." If the spouse fails to enroll, then only the spouse will be disenrolled from all benefit plans offered by the EUTF. If your spouse wants to continue coverage under your retiree plan, your spouse is required to enroll in Medicare Part B even though she is still working. Enrollment in Medicare Part B is required to be eligible for coverage under the retiree plans.

**What must I do to ensure that I can have continued health benefits coverage through the EUTF?**

If you are under age 65 and receiving social security retirement benefits, the social security administration automatically enrolls you in the federal Medicare Part A hospital insurance plan and Part B medical insurance plan effective the first day of your birthday month. Do not decline Medicare Part B. You should receive a red-white-blue Medicare card approximately three months prior to your 65<sup>th</sup> birthday. Upon receipt of your red-white-blue Medicare card, make a photocopy and send it to the EUTF.

Within the same time period, the EUTF will send you a notice informing you about the requirement to enroll in Medicare Part B to continue eligibility for EUTF health benefits coverage. Complete, sign, date and send the notice back to the EUTF with a photocopy of your red-white-blue Medicare card.

If you are nearing age 65 and have yet to receive social security retirement benefits, please call 1-800-772-1213 to enroll in the federal Medicare Part B medical insurance program immediately.

## **Can I enroll in Medicare Part B even though I don't have Medicare Part A?**

Yes, as long as you:

- 1) are age 65 or older; and
- 2) are a legal resident of the U.S.; and
- 3) are a U.S. citizen or lawfully admitted alien who has lived in the U.S. continuously for the five year period immediately preceding the month of enrollment.

## **I didn't apply for Medicare when I turned 65 even though I did not have health coverage from my job or through my spouse's employer. What should I do?**

If you missed initial enrollment (a seven-month period starting three months before your 65<sup>th</sup> birthday and ending three months after your birth month), you must wait to apply for Medicare until the general enrollment period during January and March of each year. Your coverage will start the following July. You must apply at your local social security office. You will pay a 10 percent Part B premium penalty for each year you delayed signing up. **The EUTF will not reimburse you the penalty amount over the basic Medicare Part B rate.**

## **Can I my delay Medicare Part B enrollment without paying higher premiums?**

**Yes.** In certain cases, you can delay your Medicare Part B enrollment without having to pay penalty premiums. For example, if you didn't take Medicare Part B when you were first eligible because you or your spouse were working and had group health plan coverage through your or your spouse's employer, you can sign up for Medicare Part B during a special enrollment period. However, if your spouse is covered under your retiree plan, your spouse must enroll in Medicare Part B to be covered.

## **Contacts, addresses and other significant information**

1. Please include your name, social security number or the EUTF HB number and daytime telephone number on all correspondence and telephone messages to EUTF. Although you are not required to provide your social security number, by doing so, we can easily identify to help insure the accurate processing of your records.
2. If you have questions about your eligibility for Medicare Part A or Part B, or if you want to apply for Medicare, call the social security administration or visit their website at [www.medicare.gov](http://www.medicare.gov). The toll-free telephone number is: 1-800-772-1213. The TTY-TDD number for the hearing impaired is 1-800-325-0778. You can also get information about buying Medicare Part A if you do not qualify for premium-free Medicare Part A.

### **3. Insurance carriers customer service telephone numbers**

- a. Hawaii Medical Service Association (HMSA) has offices on all major islands in Hawaii.

Oahu: 948-6499

Hilo HI: 965-5441

Kona HI: 329-5291

Kauai: 245-3393

Maui: 871-6295

Website: [www.hmsa.com](http://www.hmsa.com)

- b. Kaiser Permanente

Oahu: 432-5955

Toll-free neighbor islands: 1-800-966-5955

Website: [www.kaiserpermanente.org](http://www.kaiserpermanente.org)

- c. Hawaii Dental Service (HDS)

Oahu: 529-9248

Toll-free: 1-800-232-2533

Website: [www.deltadentalhi.org](http://www.deltadentalhi.org)



d. Vision Service Plan (VSP)

Oahu: 532-1600

Toll-free neighbor islands: 1-800-522-5162

Toll-free mainland: 1-800-877-7195

Website: [www.vsp.com](http://www.vsp.com)

e. Aetna Life Insurance Company

Toll-free: 1-866-277-9954

Website: [www.aetna.com](http://www.aetna.com)

f. Hartford Life Long Term Care

Oahu: 524-1372

Toll-free Neighbor Islands: 1-866-299-1234

Fax: 808-485-0727

Website: [www.healthfundlhc.com](http://www.healthfundlhc.com)

4. Hawaii Employer-Union Health Benefits Trust Fund (EUTF)

a. Telephone numbers

Oahu: 586-7390

Toll-free: 1-800-295-0089

b. Website; [www.eutf.hawaii.gov](http://www.eutf.hawaii.gov)

c. Email address: [eutf@hawaii.gov](mailto:eutf@hawaii.gov)

d. Mailing address:

P.O. Box 2121

Honolulu HI 96805-2121

e. Location address:

201 Merchant Street, suite 1520

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